



U.S. DEPARTMENT OF ENERGY  
Office of Electricity Delivery and Energy Reliability  
Infrastructure Security and Energy Restoration

# ENERGY ASSURANCE DAILY

Tuesday, November 14, 2006

## ***Electricity***

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### **Ameren Says Illinois Electricity Rate Freeze Will Increase the Risk of Blackouts**

The Illinois House and Senate are debating whether to extend a freeze on electricity rates to 2009, blocking rate increases of 22-55 percent planned for January 2 by Exelon Corp. and three Ameren utilities. An Ameren official told Illinois legislators at an October 9 hearing that a rate freeze would increase the risk of blackouts because it would result in the firing of 700 workers (about 25 percent of Ameren's Illinois staff) and the dismissal of 700 contractors.

Bloomberg News, 14:22 November 14, 2006

### **Ontario, Quebec to Build 1,250 MW Power Line Linking Power Networks**

The project, which is expected to be completed by 2010, will help move power produced from Quebec's abundant hydroelectric facilities to energy-hungry Ontario. Currently, Ontario imports electricity during peak months mostly from generators in the United States.

Reuters, 13:27 November 14, 2006

### **New Turbines at AEP's Cook Nuke Unit 1 in Michigan Increase Generation Capacity**

Unit 1 at AEP's Cook Nuclear Plant returned to service Monday from a 58-day refueling outage with a potential capacity increase of 40 MW and with numerous major equipment and system upgrades completed. Three new low pressure turbine rotors with improved efficiency will increase the 1,026 MW net output of the unit by up to 25 MW during summer operation and 40 MW during winter operation.

<http://biz.yahoo.com/prnews/061114/cltu063.html?v=62>

### **TXU's 575 MW Big Brown Coal-fired Unit 2 in Texas Shut November 13**

The company shut the plant to fix a boiler tube leak.

Reuters, 09:17 November 14, 2006

### **CDWR's 326 MW Hyatt-Therm Hydro Unit in California Shut November 14**

Reuters, 09:17 November 14, 2006

### **Allegheny's 552 MW Fort Martin Coal-fired Unit in W. Virginia Ramps Up November 13**

Reuters, 09:17 November 14, 2006

### **FirstEnergy's 780 MW B. Mansfield Coal-fired Unit in Pennsylvania Shut November 13**

Reuters, 09:17 November 14, 2006

## ***Petroleum***

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### **Chevron Seeks New Gasoline Unit for 330,000 b/d Pascagoula, Mississippi Refinery**

Chevron has announced that it is seeking an environmental permit from the Mississippi Department of Environmental Quality for the construction of a major gasoline production unit, along with other minor units, at its refinery in Pascagoula, Mississippi. The new units could potentially further increase gasoline production at the refinery by roughly 15 percent. If approved, project construction will likely begin sometime during the first quarter of 2008. In the meantime, Chevron expects to complete an upgrade to the refinery's fluid catalytic cracker (FCC) by the end of 2006, increasing the refinery's gasoline production by roughly 10 percent to about 5.5 million gallons per day (130,000 b/d).

<http://www.chevron.com/news/press/2006/2006-11-13.asp>

### **Transneft to Expand Baltic Oil Pipeline System in Russia to 1.5 Million b/d**

By the end of November, Transneft will complete a capacity expansion on its Baltic Pipeline System bringing capacity to 1.5 million b/d, up from 1.3 million b/d. The pipeline system links fields in Western Siberia to Transneft's main oil export terminal in Primorsk. The expansion will help divert exports from the congested Black Sea Turkish Straits. In 2005, Russia supplied about 2.3 percent of total U.S. oil imports.  
Reuters, 13:16 November 13, 2006

### **Petro-Canada Resumes Production at Terra Nova Oilfield Off Newfoundland's Coast**

On November 12, the company resumed production at the field after the completion of repairs on the floating production, storage and operating vessel. Problems on the vessel shut production six months ago. The company estimates average daily production of 33,000 b/d during the fourth quarter with production eventually ramping up to 110,000 b/d, slightly below the 120,000 b/d that the company had predicted earlier.  
Reuters, 15:04 November 14, 2006

### **Enbridge Delays Start Up of 400,000 b/d Gateway Export Pipeline to Canada's West Coast**

The company said the proposed pipeline, which will connect Alberta's oil sands production to the Canada's West Coast, will likely not be in service until 2012 at earliest, and could start up as late as 2014. The company had originally planned to begin service on the line in 2011. The pipeline is designed to supply crude oil to markets in California and Asia. The start up delay is partially due to a lack of interest from major customers in Asian markets. Earlier this month, the company said it would slow down work on the Gateway project and accelerate work on the Alberta Clipper pipeline from Alberta's oil sands to the U.S. Midwest. The Gateway project will have an initial capacity of approximately 400,000 b/d to transport petroleum from Edmonton to Kitimat.

Project website: <http://www.enbridge.com/gateway/>.

<http://www.globeinvestor.com/servlet/story/RTGAM.20061113.wenbridge1013/GIStory/>

### **Mexico's Oil Exploration and Production Declining Due to Poor Government Policies**

A UPI article says that Mexico, which supplies about 11 percent of total U.S. oil imports, is unable to produce enough oil to meet the demands of its customers due to outdated national economic policies that have constrained oil and gas exploration and production. In the face of high oil prices, the Mexican government has increased revenue-taking from Mexico's national oil company PEMEX, sapping the company of investment funds needed to improve production in mature fields. A government official from the Ministry of Energy warned recently that PEMEX could go bankrupt within the next six years due to increasing debt. Unless new large fields are developed, Mexico's oil production is expected to face steep decline and oil reserves are expected to last only 10 more years. Mexico is the number 2 oil supplier to the United States, supplying about 1.8 million b/d.

<http://www.upi.com/Energy/view.php?StoryID=20061113-024120-6332r>

<http://www.theglobeandmail.com/servlet/story/LAC.20061114.RPEMEX14/TPStory/Business>

### **Global Oil Production Won't Peak Until 2030 – CERA Report**

According a report by Cambridge Energy Research Associates (CERA), global oil production will increase for at least the next 25 years as new drilling and refining techniques make extracting previously unrecoverable reserves possible. The report says the world has 3.7 trillion barrels of oil left and that oil production will rise by more than 50 percent to about 130 million b/d around 2030 before production plateaus. The report predicts that global oil output will begin to gradually decline around 2050, giving policymakers and energy producers time to develop alternatives to oil.

Bloomberg News, 12:29 November 14, 2006

## ***Natural Gas***

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### **Update: El Paso Says Wyoming Pipeline Repairs to Take 'Couple Days' Pipeline Was Carrying 770 MMcf/d When Explosion Occurred**

El Paso Corp. has said today that it will take "a couple days" to repair the segment of the Wyoming Interstate Company pipeline system that exploded on November 11 near Cheyenne, Wyoming. The pipeline, which serves production from the Powder River gas basin, can carry up to 2 Bcf/d but was carrying about 770 MMcf/d at the time of the accident. The pipeline supplies Denver and surrounding cities. The pipeline ruptured and burst into flames on Saturday when it was hit by a bulldozer that was constructing Kinder Morgan's nearby Rockies Express pipeline. El Paso said that the disruption won't affect consumers because natural gas in storage and other pipelines will meet their needs.

Bloomberg News, 16:50 November 13, 2006

### Coal Train Derailment Closes Tracks in Western Montana

On Monday, 27 cars in a 115-car coal train derailed near Trout Creek in western Montana. According to Montana Rail Link, the derailment may require leaving tracks closed for up to one week while crews move equipment to repair damage. The coal train that derailed was traveling from Buckskin, Wyoming to Portland General Electric's 556 MW Boardman coal-fired power plant in Boardman, Oregon.

<http://www.billingsgazette.net/articles/2006/11/13/news/state/43-derail.txt>

[http://www.eia.doe.gov/cneaf/electricity/st\\_profiles/sept02or.xls](http://www.eia.doe.gov/cneaf/electricity/st_profiles/sept02or.xls)

### BSNF Completes Triple-Tracking Project to Boost Coal Tonnage Out of Wyoming's Powder River Basin

BSNF Railway has completed a triple-tracking project on the Powder River Basin (PRB) Joint Line, the main rail line transporting coal out of the PRB. The project, which involved triple-tracking 18 miles of the main line between Reno, Wyoming and Milepost 58, will allow increased shipments out of the southern PRB. In addition, BSNF has completed track-laying on roughly 8 miles of additional second main track between Moorcroft and Rozet, Wyoming. The new track is expected to go into service later this month once it has been ballasted. The Powder River Basin supplies about 40 percent of the coal used for electricity generation in the United States. Shippers have questioned the railroads ability to expand rail capacity to move coal out of the PRB to meet projected demand from U.S. coal-fired generators.

<http://www.platts.com/Coal/News/6315493.xml?p=Coal/News&sub=Coal>

### Aventine Increases Ethanol Terminal Storage Capacity in New York Harbor

Aventine Renewable Energy Holdings, Inc. announced that it has increased its contracted terminal storage capacity at Motiva's Sewaren and Newark, New Jersey terminals by 50 percent, providing storage to handle in excess of 150 million gallons annually. The expansions will allow Aventine to better service customers in the Northeast ethanol market.

Reuters, 15:01 November 14, 2006

### Copper Wire Thefts Up at Altamont Wind Resource Area in California

Wind turbine operators and the Alameda County Sheriff's Department both say that within the past year, trespassing and burglaries have increased at wind farms on the 50,000-acres Altamont Wind Resource Area in California. There are 18 wind power projects in the Altamont area with more than 500 MW of installed generation capacity. Cooper thefts from utilities across the country have risen sharply over the past year due to skyrocketing copper prices. The Altamont wind power companies and local police say they have upped security in the area to prevent thefts. Some companies said they were placing around-the-clock security guards on patrol and using advanced technology to foil would-be robbers. The Alameda sheriff's department said it has launched sting operations and is working to help prosecute several people believed to be involved in copper thefts.

[http://www.insidebayarea.com/trivalleyherald/localnews/ci\\_4649929](http://www.insidebayarea.com/trivalleyherald/localnews/ci_4649929)

Altamont Wind Projects: <http://www.awea.org/projects/california.html#Altamont%20Pass>

## Energy Prices

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U.S. Oil and Gas Prices November 14, 2006			
	Today	Week Ago	Year Ago
<b>CRUDE OIL</b> <b>West Texas Intermediate U.S.</b> \$/Barrel	58.28	58.94	57.60
<b>NATURAL GAS</b> <b>Henry Hub</b> \$/Million Btu	7.42	6.59	9.15

Source: Reuters

### **U.S. Department of Interior Authorizes Oil-Shale Research and Development Leases for Five Sites on Public Lands in Western Colorado**

[http://www.denverpost.com/news/ci\\_4653897](http://www.denverpost.com/news/ci_4653897)

### **Small Fire at Electric Terminal Box at NPPD's Cooper Nuclear Station in Nebraska**

<http://www.columbustelegram.com/articles/2006/11/12/news/news7cooper.txt>

### **Minor Upset at Alkylation Unit Causes Flaring at ExxonMobil's Torrance, California Refinery November 14**

Bloomberg News, 12:49 November 14, 2006

### **Weather-related Delays for Oil Tankers Grow to 10 Days on Turkish Straits – Shippers**

Reuters, 09:21 November 14, 2006

### **Shiloh Wind Power Project Dedicated Near Rio Vista, California**

Reuters, 21:43 November 13, 2006

### **Natural Resource Canada Drafting Laws to Protect Offshore Oil and Gas Infrastructure From Terrorist Attacks**

<http://www.canada.com/ottawacitizen/news/story.html?id=1713dad1-49dd-4520-9ccb-ec28c096b648>

### **Suncor to Increase Spending by 51 Percent Next Year, Mostly on Alberta Oil Sands Developments**

Bloomberg News, 09:58 November 14, 2006

## Links

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### ***This Week in Petroleum* from the Energy Information Administration (EIA)**

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

### ***Weekly Petroleum Status Report* from EIA**

[http://www.eia.doe.gov/oil\\_gas/petroleum/data\\_publications/weekly\\_petroleum\\_status\\_report/wpsr.html](http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html)

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

### ***Natural Gas Weekly Update* from EIA**

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

## ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

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